

FINANCE DEPARTMENT

Impact Analysis Report

OVERVIEW

The Finance Department is responsible for collecting, accounting, and monitoring the City's tax revenues and depositing certain fees collected by other City departments.

It is estimated that the proposed Finance Department fees and charges program for 2006-2007, excluding penalties and non-cost recovery fees, will bring revenues to the City of \$90,114, reflecting a 100% cost recovery rate.

Late payment charges related to the Garbage Lien Program and Garbage Lien Service fees are not subject to cost recovery restrictions and are anticipated to generate approximately \$1.64 million, all of which will accrue in the Integrated Waste Management (IWM) Fund. Although the charges are based on the cost of providing service, a significant portion of revenues in any given year reflects costs incurred in the prior year.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

For 2006-2007, the following changes are proposed in the Finance Department's fee structure to maintain cost-recovery levels:

Christmas Tree/Pumpkin Lot Licenses – Revised from \$77 to \$82 per lot license to maintain 100% cost-recovery level for services.

Circus and Carnival (Circus Permit) – Remains at \$250 for the first day, however the fee for each additional day is being revised upward from \$165 to \$168 per day to maintain 100% cost-recovery level for services.

Handbill Distributors – Revised from \$30 to \$33 per handbills distributor license and from \$22 to \$24 per owner's permit to maintain 100% cost-recovery level for services.

Business Tax Special Reports – Revised from \$39 to \$44 per report up to 25 pages, and \$1 for each additional page beyond 25; and revised from \$39 to \$44 per diskette / transmission to maintain 100% cost-recovery level for services.

Returned Check Fee – Revised from \$39 to \$42 per returned check to offset increases in administrative processing costs.

Exempt Business Tax Applications – Revised from \$20 to \$33 per account to offset increased payment processing costs.

Solid Waste Delinquencies (Administrative Charges for Collection Procedure) – Revised from \$56 to \$58 per lien and from \$37 to \$42 per returned check to offset increases in administrative processing costs.

FINANCE DEPARTMENT (CONT'D.)

NEW FEE

Collection Agency Recovery Fee – Initiates a new fee to recover costs associated with collection agency costs on delinquent accounts.

NOTIFICATION

General public notice of proposed fee revisions will be provided through published Council hearing dates and a minimum of ten days for public review of the 2006-2007 Proposed Fees and Charges Report.

DEPARTMENTAL FEES & CHARGES

FINANCE DEPARTMENT

Service	Adopted 2005-2006 Fee	Council Policy Cost Recovery Category	Adopted Cost Recovery %	Proposed 2006-2007 Fee	2006-2007 Estimated Cost	Estimated 2006-2007 Revenue		% Cost Recovery	
						Current Fee	Proposed Fee	Current Fee	Proposed Fee
1. SALES		Category I	100.0%		656	616	656	93.9%	100.0%
a. Christmas Tree/Pumpkin License									
• Lot	\$77			\$82					
• Deposit (Refundable)	\$100 per lot			No Change					
2. CIRCUS/CARNIVAL/PARADE		Category I	100.0%		2,520	2,475	2,520	98.2%	100.0%
a. Circus and Carnival									
• Circus Advertising	\$100 bond for removal within 48 hours of last performance			No Change					
• Circus Permit	\$250 1st day; \$165 ea add'l day			\$250 1st day; \$168 ea add'l day					
• Circus Sideshow Permit	\$12.50 each per day			No Change					
• Circus Permit (Charitable)	\$100 1st day; \$50 ea add'l day			" "					
• Circus Parade (Circus outside of City limits)	\$250 per day			" "					
• Carnival Permit	\$250 1st week; \$25 ea add'l day			" "					
• Carnival (Charitable)	\$100 1st week; \$10 ea add'l day			" "					
• Circus or Carnival Permit-Sanitary Standards Bond	\$1,000 bond			" "					
3. HANDBILL DISTRIBUTORS		Category I	100.0%		41,824	38,129	41,824	91.2%	100.0%
a. Handbill Distributors									
• Handbill Distributor's License	\$30 per year			\$33 per year					
• Owner's Permit	\$22 per year			\$24 per year					
• Comm'l Distributor's Permit	\$1 per distribution			No Change					
4. COMPUTERIZED SEARCH FEE	\$6 per search	Category I	100.0%	Eliminate - minimal customer use due to self service via web site				N/A	N/A
5. SALE OF PUBLICATIONS*		Category I	100.0%					N/A	N/A
a. Comp. Annual Financial Report	Actual printing plus mailing costs			No Change					
b. Single Audit (Grants)	" " " " "			" "					
c. Monthly Investment Report	" " " " "			" "					
6. BUSINESS TAX SPECIAL REPORTS		Category I	100.0%		1,320	1,170	1,320	88.6%	100.0%
a. Computer Printout	\$39 up to 25 pp., \$1 ea add'l pg.			\$44 up to 25 pp., \$1 ea add'l pg					
b. Diskette/E-mail	\$39 per diskette/transmission			\$44 per diskette/transmission					

DEPARTMENTAL FEES & CHARGES

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						Current Fee	Proposed Fee	Current Fee	Proposed Fee
7. RETURNED CHECK FEE	\$39 per returned check	Category I	100.0%	\$42 per returned check	20,034	18,603	20,034	92.9%	100.0%
8. EXEMPT BUSINESS TAX	\$20 per account	Category I	100.0%	\$33 per account	23,760	14,400	23,760	60.6%	100.0%
9. COLLECTION AGENCY RECOVERY FEE*	New Fee	Category II		\$25 or 15% of the bill; whichever is higher	200,000	N/A	200,000	N/A	100.0%
SUBTOTAL			100.0%		290,114	75,393	290,114	26.0%	100.0%

* The collection cost recovery charge is set at a level to recover the cost associated with collection agency activities incurred by the City for the collection of delinquent obligations.

INTEGRATED WASTE MANAGEMENT FUND (423) - LATE CHARGES									
9. SOLID WASTE DELINQUENCIES		Category II	100.0%						
a. Administrative charges for collection procedure*	\$56 per lien			\$58 per lien	554,828	535,696	554,828	96.6%	100.0%
b. Late Payment Charge†	\$5 or 5% of the bill, whichever is greater	Category II	N/A	No Change	N/A	785,000	785,000	N/A	N/A
c. Notice of Intent to Lien	\$15			" "	260,700	260,700	260,700	100.0%	100.0%
d. Special Assessment Charge	\$5.00 per parcel			" "	N/A	19,750	19,750	N/A	N/A
e. Returned Check Fee	\$37 per returned check			\$42 per returned check	21,840	19,240	21,840	88.1%	100.0%
SUBTOTAL			100.0%		837,368	1,620,386	1,642,118	97.4%	100.0%

TOTAL DEPARTMENT - GENERAL FUND	290,114	75,393	290,114	26.0%	100.0%
TOTAL DEPARTMENT - NON-GENERAL FUND	837,368	1,620,386	1,642,118	97.4%	100.0%
TOTAL DEPARTMENT - CATEGORY I	90,114	75,393	90,114	83.7%	100.0%
TOTAL DEPARTMENT - CATEGORY II	1,037,368	1,620,386	1,842,118	78.6%	100.0%
TOTAL DEPARTMENT	1,127,482	1,695,779	1,932,232	79.0%	100.0%

* This fee is set at a cost recovery level based on the expected cost of processing liens and the estimated number of liens to be processed within the coming fiscal year. Revenue in a particular year for the fee is not directly related to those costs in the same year because revenue is recognized on a cash basis. As a result, revenue from liens recorded in previous years may be recognized in future years, which may cause the fee to appear to be in excess of cost recovery.

† The late payment charge is set at a level to encourage customers to submit payments by the due date.

NOTE: The notice of intent to lien charge and the special assessment charge are not penalties.